

The CalPERS Long-Term Care Program

This booklet contains an
Outline of Coverage for:

- Comprehensive Plan
- Nursing Home/Assisted
Living Facility Only Plan



2000 Outline of Coverage

CalPERS Long-Term Care Program Outline of Coverage

Comprehensive Plan (PR-LTC-042000) and Nursing Home/Assisted Living Facility Only Plan (PR-NH-042000)

These long-term care plans have been approved by the Board of Administration of the California Public Employees' Retirement System (CalPERS). However, the benefits payable under these plans will not qualify for Medi-Cal asset protection under the California Partnership for Long-Term Care. For information about plans qualifying under the California Partnership for Long-Term Care, please call the California Department of Aging's Health Insurance Counseling and Advocacy Program at 1-800-434-0222 or our customer service department at 1-800-908-9119.

Outline of Benefits:

Option 100

Nursing Home Daily Maximum	\$100/day
Residential Care Facility Daily Maximum	\$50/day
Home and Community Care Monthly Maximum (Comprehensive Plan only)	\$1,500/month
Deductible Period	90 calendar days
Total Coverage Amount	\$109,500 or Lifetime

Option 130

Nursing Home Daily Maximum	\$130/day
Residential Care Facility Daily Maximum	\$65/day
Home and Community Care Monthly Maximum (Comprehensive Plan only)	\$1,950/month
Deductible Period	90 calendar days
Total Coverage Amount	\$142,350 or Lifetime

CAUTION. The issuance of this coverage is based on your responses to questions on your application. A copy of your application will be given to you when coverage is issued or upon request. If your answers are misstated or untrue, CalPERS has the right to deny benefits or rescind your coverage. The best time to clear up any questions is now, before a claim arises! If any of your answers are incorrect, contact the CalPERS Long-Term Care Program at the address shown on the last page.

NOTICE TO BUYER. These plans may not cover all the costs associated with long-term care incurred by the buyer during the period of coverage. The buyer is advised to review carefully all coverage terms and limitations.

COVERAGE DESIGNATION. This coverage is intended to be a "tax qualified long-term care insurance contract."

GUARANTEED RENEWABLE. We cannot cancel or refuse to renew your coverage until benefits have been exhausted as long as you pay premiums on time. We cannot change any of the terms of your coverage on our own, except that in the future we

may increase the premiums you pay. Your premiums will never increase due solely to a change in your age or health. CalPERS can, however, change your premiums but only if we change the premium schedule on an issue age basis for all similar coverage issued in your state on the same form as this coverage. We must give you at least 60 days written notice before we change your premium.

PURPOSE OF THE OUTLINE OF COVERAGE. This Outline of Coverage provides a very brief description of the important features of the coverage. You should compare this Outline of Coverage to the outlines of coverage for other plans available to you. This is not a contract, but only a summary of coverage. Only the Evidence of Coverage contains governing contractual provisions. This means that the Evidence of Coverage sets forth in detail the rights and obligations of both you and CalPERS. Therefore, if you purchase this coverage, or any other coverage, it is important that you **READ YOUR EVIDENCE OF COVERAGE CAREFULLY!**

TERMS UNDER WHICH THE COVERAGE MAY BE RETURNED AND PREMIUM REFUNDED. If you are not satisfied with your Evidence of Coverage, you have 30 days to return it to us to get your money back. Premiums paid for periods after your death will also be refunded.

THIS IS NOT MEDICARE SUPPLEMENT COVERAGE. If you are eligible for Medicare, review the *Guide to Health Insurance for People with Medicare* available from the CalPERS Long-Term Care Program at the address shown on the back cover. CalPERS does not represent Medicare, the federal government or any other state government agency.

LONG-TERM CARE COVERAGE. Long-term care plans are designed to provide coverage for one or more medically necessary diagnostic, preventive, therapeutic, rehabilitative, maintenance or personal care services provided in a setting other than an acute care unit of a hospital, such as a nursing home, a residential care facility, an adult day care center or in the home, according to the coverage elected.

These plans reimburse you for expenses you incur for covered Nursing Home and Residential Care Facility Care and for Home and Community Care (Comprehensive Plan only) subject to the Deductible Period, Total Coverage Amount, coverage terms and limitations, and other requirements.

BENEFITS PROVIDED BY THIS COVERAGE. You must be a Chronically Ill Individual to receive benefits under this coverage and meet all of the Conditions for Receiving Benefits for the plan you select.

Comprehensive Plan. We will pay the Nursing Home benefits when we determine that you: (a) cannot perform three (3) or more Activities of Daily Living without Substantial Assistance, or (b) require Substantial Supervision to protect yourself from threats to your health and safety due to Severe Cognitive Impairment. We will pay all other benefits when we determine that you: (a) cannot perform two (2) or more Activities of Daily Living without Substantial Assistance, or (b) require Substantial Supervision to protect yourself from threats to your health and safety due to Severe Cognitive Impairment.

Nursing Home/Assisted Living Facility Only Plan. We will pay the Nursing Home Benefit when we determine that you: (a) cannot perform three (3) or more Activities of Daily Living without Substantial Assistance, or (b) require Substantial Supervision to protect yourself from threats to your health and safety due to Severe Cognitive Impairment. We will pay all other benefits when we determine that you: (a) cannot perform two (2) or more Activities of Daily Living without Substantial Assistance, or (b) require Substantial Supervision to protect yourself from threats to your health and safety due to Severe Cognitive Impairment.

NURSING HOME BENEFIT. Once you have satisfied the Deductible Period, we will pay 100 percent of your covered expenses up to the Nursing Home Daily Maximum at the time the expenses are incurred for each day of confinement. If you are temporarily hospitalized while eligible for this benefit and the Nursing Home charges you a fee to reserve your bed, we will pay expenses for the bed reservation up to the Nursing Home Daily Maximum for each day you are charged. We will pay these expenses up to 14 days per hospitalization. Expenses paid under this benefit reduce your Total Coverage Amount.

RESIDENTIAL CARE FACILITY BENEFIT. Once you have satisfied the Deductible Period, we will pay 100 percent of your covered expenses up to the Residential Care Facility Daily Maximum at the time the expenses are incurred for each day of confinement. If you are temporarily hospitalized while eligible for this benefit and the Residential Care Facility charges you a fee to reserve your bed, we will pay expenses for the bed reservation up to the Residential Care Facility Daily Maximum for each day you are charged. We will pay these expenses up to 14 days per hospitalization. Expenses paid under this benefit reduce your Total Coverage Amount.

HOME AND COMMUNITY CARE BENEFIT (available only with the Comprehensive Plan). The Home and Community Care Benefit provides benefits for Home Health Care Services, Personal Care Services, Adult Day Health/Social Care, and Homemaker Services Incidental to Personal Care. Once you have satisfied the Deductible Period, we will pay 100 percent of your covered expenses up to the Home and Community Care Monthly Maximum at the time the expenses are incurred. Expenses paid under this benefit reduce your Total Coverage Amount.

RESPIRE CARE BENEFIT. If you have elected the Comprehensive Plan, we will pay 100 percent of your covered expenses for Respite Care up to the Home and Community Care Monthly Maximum at the time the expenses are incurred. If you have elected the Nursing Home/Assisted Living Facility Only Plan, we will pay 100 percent of your covered expenses for Respite Care up to 15 days per calendar year.

We will pay the Respite Care Benefit only once per calendar year. Days on which you receive Respite Care do not need to be consecutive days. Respite Care is temporary care provided to you to allow time off for those persons who ordinarily care for you on a regular basis. You are not required to complete the Deductible Period before we pay this benefit. However, any day that you receive Respite Care Benefits may not be used to meet the Deductible Period for any other benefits under this coverage. Expenses paid under this benefit reduce your Total Coverage Amount.

HOSPICE CARE BENEFIT. We will pay 100 percent of your covered expenses incurred for Hospice Care, up to the appropriate maximum benefit, depending upon where your Hospice Care is received. If you receive Hospice Care in a Nursing Home or Hospice Care Facility, we will pay covered expenses up to the Nursing Home Daily Maximum. If you receive Hospice Care in a Residential Care Facility, we will pay expenses up to the Residential Care Facility Daily Maximum. If you receive Hospice Care at home (Comprehensive Plan only), we will pay expenses up to the Home and Community Care Monthly Maximum.

Hospice Care means services designed to provide palliative care and alleviate your physical, emotional and social discomforts if you are Terminally Ill and in the last phase of life. You are not required to complete the Deductible Period before we pay this benefit. Expenses paid under this benefit reduce your Total Coverage Amount.

CARE ADVISORY SERVICES BENEFIT. We will pay 100 percent of expenses for Care Advisory Services provided by a Care Advisory Services Agency designated by us when you are eligible for benefits covered under these plans. Care Advisory Services help you identify your specific care needs and the long-term care services and programs in your area which can best meet those needs. You are not required to complete the Deductible Period before we will pay this benefit. Expenses paid under the Care Advisory Services Benefit will not reduce your Total Coverage Amount.

NONFORFEITURE BENEFIT OPTION. This optional benefit may only be elected at the time you first apply for coverage. If you accept this option, we will provide a reduced Total Coverage Amount if your coverage terminates due to nonpayment of premium after it has been in force for at least 10 years. The reduced Total Coverage Amount is called the Nonforfeiture Benefit Amount. The Nonforfeiture Benefit Amount we will pay will be an amount equal to 90 times the applicable Nursing Home Daily Maximum at the time coverage terminates. We will pay the daily and monthly (if applicable) maximums for covered services you receive under this benefit up to the Nonforfeiture Benefit Amount.

ADDITIONAL BENEFITS

Public Long-Term Care Program. If the government creates a non-Medicaid long-term care program through public funding which substantially duplicates the benefits of these plans, you may be entitled to a reduction in future premiums or an increase in future benefits.

Right to Acquire New Benefits. You can apply for new benefits and/or provisions that we may develop in the future. We will notify you of the availability of any new plans or coverage features and what you can do to apply for them.

Return of Premium Death Benefit. If you die while this coverage is in force, we will return this benefit to your spouse, if living. Otherwise, we will pay the death benefit to either: (1) your estate; or (2) if a living trust has been established, we will pay this benefit to that trust. We will return a percentage of the total amount of premiums paid until the date of your death, less any benefits we have paid under this coverage. The percentage of the total premium returned depends upon your age at death. No death benefit will be paid if your death occurs at age 75 or later.

Alternative Care Payment Provision. We reserve the right to authorize benefits for providers, treatments or services not otherwise specified in this coverage, or when conditions specified in the Evidence of Coverage are not otherwise met, if it is agreed to by you and if we determine that it is cost-effective, appropriate to your needs, consistent with general standards of care, provides you with an equal or greater standard of care, and meets the requirements for “Qualified Long-Term Care Services” under federal law. Expenses paid under the Alternative Care Payment Provision reduce your Total Coverage Amount.

ALZHEIMER’S DISEASE AND OTHER ORGANIC BRAIN DISORDERS. These plans provide coverage for treatment of Alzheimer’s disease, Parkinson’s disease, senile dementia and all other forms of organic brain disease.

EXCLUSIONS AND LIMITATIONS. We will not pay benefits under this coverage for: (a) care for which no charge is normally made in the absence of insurance; (b) care provided by a government facility unless you are legally obligated to pay for the treatment; (c) care you receive while you are outside of the United States of America or its possessions; (d) care provided by your immediate family unless the family member is a regular employee of an organization providing the care, the organization receives payment for care, and the family member receives no compensation other than the normal compensation as an employee; and (e) expenses which result while attempting or committing a felony upon conviction, engaging in an illegal occupation or participating in a riot or insurrection.

COORDINATION OF BENEFITS. We will not pay benefits which duplicate benefit payments from any insurance coverage or any other source to which you are entitled or which are payable under Medicare or other government programs except Medicaid (Medi-Cal in California). If your other coverage declines payment to you of a service we cover, we will pay the benefit as outlined in the Evidence of Coverage.

RELATIONSHIP OF COST OF CARE AND BENEFITS. Because the costs of long-term care services will likely increase over time, you should consider whether and how the benefits of this coverage may be adjusted.

If you elect the Inflation Protection Option, we will automatically increase the Nursing Home Daily Maximum, the Residential Care Facility Daily Maximum, the Home and Community Care Monthly Maximum (if you elect the Comprehensive Plan), and any remaining amounts of the Total Coverage Amount on each anniversary of your Coverage Effective Date. Each increase will be five percent (5%) compounded annually and will apply to expenses incurred on or after the date of the increase.

If you do not elect the Inflation Protection Option, we will offer you an option to increase your Daily and Monthly Maximum (if relevant) and any unused balance in your Total Coverage Amount by an amount determined by us. This offer was initially made in 1998 and will be made every three (3) years from that year forward. This offer will be made as long as your coverage remains in force and you are not currently receiving benefits. You may elect to increase your coverage amounts by the amount offered without proof of insurability. You may decline the offer any time it is made; however, once you have declined this offer twice, it will no longer be offered by CalPERS.

YOU MAY ELECT TO DECREASE COVERAGE. After one year from the Coverage Effective Date, you have the right at any time to reduce your premiums by electing a decrease in coverage. Coverage cannot be reduced to less than the minimum coverage offered by CalPERS. The premium for the reduced coverage will be based on your original issue age for that coverage. We will notify you of this right to reduce coverage if your coverage is about to lapse and/or in the event that premiums are increased.

RIGHT TO INCREASE BENEFITS. You have the right to increase your coverage any time after your Coverage Effective Date to a coverage amount that CalPERS currently offers. You will be required to provide an application and proof of insurability. Premium for the increased coverage will be based on your attained age. Premium for the previously purchased coverage as of the original Coverage Effective Date will not be affected.

PREMIUM. Refer to the Rate Sheet to determine the monthly premium for the coverage you select, based on your age at the time you apply. This will be the appropriate monthly premium for most individuals paying through payroll or pension deduction or electronic banking withdrawals. For payroll or pension deductions on a biweekly, semimonthly or quadweekly basis, or if you have selected quarterly, semiannual, or annual direct billing, please call us at 1-800-908-9119 for an exact premium quote.

GRACE PERIOD. You have a Grace Period of 65 days to pay each premium due after the first premium. If your premium is not paid within 30 days after the premium due date, we will send a written notice of nonpayment of premium to you and to your Authorized Designee, if elected. You have 35 days after we mail this notice to pay the premium. Your coverage will stay in force during this time unless we receive a written request from you to cancel it. If we do not receive the premium payment within these 35 days, your coverage will lapse as of the last date through which premiums were paid.

AUTHORIZED DESIGNEE. If you have elected an Authorized Designee, we will notify you and the person that you designated 30 days after the premium due date for which premium was not paid and allow another 35 days for the premium to be paid.

PREMIUM WAIVER. We will waive the payment of premium which becomes due when the coverage is in force and you are receiving any benefits, except for Respite Care and Care Advisory Services Benefits. We will waive premiums beginning the first day you receive benefits. We will refund the pro-rata amount paid for periods beyond that for which the waiver begins. As long as you continue to receive benefits, additional premiums will not be required.

TERMINATION. Your coverage will remain in force as long as you continue to pay premiums as due. Your coverage terminates on the first to occur of: (a) the date of your death; (b) the date you have received the maximum benefits allowed under this Agreement; (c) the last date through which premiums have been paid if amount due is not received within the Grace Period; or (d) the date you elect to cancel your coverage.

REINSTATEMENT. If your coverage ends because premiums were not paid as due, you may apply for reinstatement within one (1) year after the end of the Grace Period. We have the right to require evidence of insurability. If approved, coverage will be reinstated retroactive to the date of termination of coverage if the required premium is paid.

ADDED PROTECTION AGAINST LAPSE. If your coverage terminates before your benefits have been exhausted, we will provide a continuation of coverage if you provide us with proof that, beginning on or before the date of termination and continuing without interruption, you had either a Severe Cognitive Impairment or a functional impairment to the extent that you could not perform the required number of the Activities of Daily Living without Substantial Assistance. The proof must be provided to us within five (5) months of the termination date. You must pay all past due premiums for the coverage that was in force immediately prior to the date of lapse.

MISSTATEMENTS. If there are any material misstatements in your application and other information you provide during the underwriting or application process, we have the right to rescind the coverage during the first two (2) years.

UNDERWRITING. We will underwrite your application by reviewing one or more of the following: the information submitted on your application, an attending physician's report or medical records, a telephone interview, or an in-person assessment. We will only issue coverage if you provide evidence of insurability in a form and manner specified by us.

DEFINITIONS. Following is a partial list of definitions that apply to your Long-Term Care Plan. A full list of definitions appears in the Evidence of Coverage.

Activities of Daily Living refers to the following self-care functions:

Bathing: Cleaning the body using a tub, shower or sponge bath, including getting a basin of water, managing faucets, getting in and out of tub or shower, reaching head and body parts for soaping, rinsing and drying.

Dressing: Putting on and taking off, fastening and unfastening garments and undergarments, and special devices such as back or leg braces, corsets, elastic stockings/garments and artificial limbs or splints.

Toileting: Getting on and off a toilet or commode and emptying a commode, managing clothes and wiping and cleaning the body after toileting, and using and emptying a bedpan and urinal.

Transferring: Moving from one sitting or lying position to another sitting or lying position (e.g., from bed to or from a wheelchair or sofa, coming to a standing position, and/or repositioning to promote circulation and prevent skin breakdown).

Continence: Ability to control bowel and bladder as well as use ostomy and/or catheter receptacles, and apply diapers and disposable barrier pads.

Eating: Reaching for, picking up, grasping a utensil and cup; getting food on a utensil, bringing food, utensil and cup to mouth; manipulating food on plate; and cleaning face and hands as necessary following meal.

Adult Day Health/Social Care means a structured, comprehensive program which provides a variety of community-based services including health, social and related supportive services in a protective setting on a less than 24-hour basis. These community-based services are designed to meet the needs of functionally impaired adults through an individualized service plan, and include the following: personal care and supervision as needed, the provision of meals as long as the meals do not meet a full daily nutritional regimen, transportation to and from the service site, and social, health and recreational activities.

Care Advisory Services Agency means an agency or other entity designated by us that provides Care Advisory Services and meets certain standards that pertain to staffing requirements, quality assurance, agency functions and reporting and records maintenance requirements.

Chronically Ill Individual means you have been certified by a Licensed Health Care Practitioner as being unable to perform (without Substantial Assistance from another person) at least two (2) Activities of Daily Living for at least 90 consecutive days due to a loss of functional capacity or you require Substantial Supervision to protect you from threats to your health and safety due to Severe Cognitive Impairment.

Deductible Period (also known as an Elimination Period) means the total number of calendar days that must elapse before the benefits covered by this Agreement are payable. The Deductible Period begins on the first day you receive covered Formal Long-Term Care Services after you have become a Chronically Ill Individual and have met the Conditions for Receiving Benefits. You are not required to continue to receive covered services to satisfy the Deductible Period, but you must continue to be a Chronically Ill Individual and have met the Conditions for Receiving Benefits. You are not required to continue to receive covered services to satisfy the Deductible Period, but you must continue to be a Chronically Ill Individual and you must continue to meet the Conditions for Receiving Benefits for 90 calendar days shown on the Schedule of Benefits in order to satisfy the Deductible Period.

The number of days may be accumulated before the filing of a claim if we establish that you met the requirements outlined above before filing a claim. Any day when covered services are reimbursed by other insurance or Medicare may be counted toward meeting the Deductible Period. The Deductible Period only needs to be met once during your lifetime.

Formal Long-Term Care Services means long-term care services for which the provider is paid.

Home Health Care Services means part-time or intermittent skilled services by licensed nursing personnel provided by a Home Health Agency; home health aide services provided by a Home Health Agency; physical therapy, occupational therapy or speech therapy and audiology services provided by a Home Health Agency; and medical social services by a social worker or social work assistant provided by a Home Health Agency.

Homemaker Services Incidental to Personal Care means you are eligible to receive homemaker services if Personal Care Services are being received. Homemaker Services Incidental to Personal Care are limited to the following: domestic or cleaning services; laundry services; assistance with telephone; reasonable food shopping and errands; meal preparation and cleanup; transportation assistance to and from medical appointments; and heavy cleaning which involves thorough cleaning of the home to remove hazardous debris or dirt.

Hospice Care Facility means a facility which provides a formal hospice care program directed by a physician on an inpatient basis. Hospice Care Facility does not mean a hospital or clinic, a community living center or a place that provides residential or retirement care only.

Nursing Home means a facility or distinctly separate part of a hospital or other institution which is appropriately licensed to engage primarily in providing nursing care to inpatients under a planned program supervised by a physician. It also provides 24-hour a day nursing care by a registered nurse, a licensed practical nurse or licensed vocational nurse under the supervision of a registered nurse or a physician; maintains a daily medical record of each inpatient; and provides nursing care at skilled, intermediate or custodial levels.

Personal Care Services include:

Ambulation assistance, including help in walking or moving around (e.g., wheelchair use) outside or inside the place of residence, changing locations in a room and moving from room to room to gain access for the purposes of engaging in activities. Ambulation assistance does not include movement solely for the purposes of exercise.

Bathing and grooming, including cleaning the body using a tub, shower or sponge bath, including getting a basin of water, managing faucets, getting in and out of tub or shower, reaching head and body parts for soaping, rinsing and drying. Grooming includes hair combing and brushing, shampooing, oral hygiene, shaving and fingernail and toenail care.

Dressing, including putting on and taking off, fastening and unfastening garments and undergarments and special devices such as back or leg braces, corsets and artificial limbs or splints.

Bowel, bladder and menstrual care, including assisting the person on and off the toilet or commode, emptying the commode, managing clothing and wiping and cleaning the body after toileting, assistance with using and emptying bedpans, ostomy and/or catheter receptacles and urinals, application of diapers and disposable barrier pads.

Repositioning, transfer, skin care and range of motion exercises, including moving from one sitting or lying position to another sitting or lying position; e.g., from bed to or from a wheelchair, or sofa, coming to a standing position and/or rubbing skin and repositioning to promote circulation and prevent skin breakdown.

Motion exercises, including the carrying out of maintenance programs, i.e., the performance of the repetitive exercises required to maintain function, improve gait, maintain strength or endurance, passive exercises to maintain range of motion in paralyzed extremities, and assistive walking.

Feeding, hydration assistance, including reaching for, picking up, grasping utensil and cup; getting food on utensil; bringing food, utensil or cup to mouth and manipulating food on plate. Cleaning face and hands as necessary following meal.

Assistance with self-administration of medications.

Residential Care Facility (also called Assisted Living Facility) means a licensed facility engaged primarily in providing ongoing care and related services that meet all of the following criteria: (1) it provides 24-hour care and services sufficient to support needs resulting from inability to perform Activities of Daily Living or Severe Cognitive Impairment; (2) it has an awake, trained and ready-to-respond employee on duty in the facility at all times to provide care; (3) it provides three meals a day and accommodates special dietary needs; (4) it has written contractual arrangements or otherwise ensures that residents receive the medical care services of a physician or nurse in case of emergency; and (5) it has appropriate methods and procedures to assist residents in self-administration of prescribed medications.

Severe Cognitive Impairment means confusion or disorientation resulting from a deterioration or loss of intellectual capacity that is not related to, or a result of, mental illness, but which can result from Alzheimer's disease or similar forms of senility or irreversible dementia. This deterioration or loss of intellectual capacity is established through use of standardized tests or instruments.

Substantial Assistance means both Hands-on Assistance and Standby Assistance. Hands-on Assistance is the physical assistance of another person without which you would be unable to perform the Activities of Daily Living. Standby Assistance means the presence of another person, within your arm's reach, that is necessary to prevent, by physical intervention, your injury while you are performing the Activities of Daily Living.

Substantial Supervision means continual supervision (including cuing by verbal prompting, gestures, or other demonstrations) by another person that is necessary to protect a person who has Severe Cognitive Impairment from threats to his or her health or safety (such as may result from wandering).

Total Coverage Amount means the maximum amount we will pay for expenses covered by this Agreement. The Total Coverage Amount is reduced by the amount of claims paid, except that covered expenses we incur for the Care Advisory Benefit do not count against your Total Coverage Amount. The amount remaining in your Total Coverage Amount may increase if you elect the Inflation Protection Option or if you elect periodic benefit increases when offered by us, as described above.

Information and Counseling is provided by the Health Insurance Counseling and Advocacy Program (HICAP), administered by the California Department of Aging, provides long-term care insurance counseling to California senior citizens. If you would like to speak to someone from the HICAP program, you may call 1-800-434-0222.

**The toll-free number for the
CalPERS Long-Term Care Program is
1-800-908-9119.**

CalPERS Long-Term Care Program
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